

TO: Chairman Nofs and Members of the Senate Energy and Technology Committee

RE: Senate Bill 438

Ladies and gentlemen, my name is Shirley Kallio. I am a retired accountant and the owner of a 12kW solar array on my home in northeast Kent County. I am not at present a net metering customer, since I was fortunate to acquire a 15-year contract with Consumers Energy under the EARP, or Experimental Advanced Renewable Program.

My motivation for acquiring a solar array was driven by moral and justified by financial considerations. It was my earnest hope and expectation that others would follow my lead.

**I am here to oppose the passage of SB438.**

Four cents credit/kWh for solar energy fed on to the grid by self-generators vs. twelve cents charge for energy used strikes me as a raw deal for those who have chosen to support the renewable energy revolution from their own rooftops! It is in my view a disparity that is unjust, unnecessary and counterproductive.

Under the current arrangement, net meter customers pay for their own solar systems and fully pay for their hook-up expense. They assume full responsibility for any maintenance or repair their system may require. And they continue to pay the utility a fixed charge for access to the grid. In principle, there is nothing unfair about sharing a reasonable proportion of the cost of continued grid use, if that is what is intended, but eight cents differential per kWh is clearly punitive and certain to discourage new roof top installations.

Solar energy, because it is generated and fed onto the grid at peak demand times, actually saves the utility, and the ratepayer, money; it provides them with another source of energy at premium demand time without further infrastructure investment. That solar-generated supply is quickly passed on, with minimal line loss, to nearby users, an efficiency which saves the utility, and ratepayers, more money. And end users continue to be charged at their usual rate and for the usual "system access."

Consumers Energy has seen the light, it seems, and is now venturing into solar itself, utility scale, with a 10 MW project which it says will generate as much solar energy as 2000 average roof top arrays. It will, obviously, enjoy great economies of scale in cost of construction, but more important to the utility, I suspect, its construction will capture that splendid benefit of our regulated utility environment, the coveted guaranteed return on investment. But renewable energy mandates are another matter; those they like not at all. The utility's embrace of renewable energy is grudging, and the sharing by others in the generation of that energy anathema.

The public, on the other hand, is willing and eager to do what they see is essential to a livable planet, an energy future dominated by renewable fuels, but will they have the fortitude to overcome such usurious rates, as a condition of being on the grid, until battery technology catches up with need?

Rooftop solar, given the relatively small average increment, may at first glance indeed seem more costly to install per kWh, but not insignificantly, it uses preexisting structure on land already in use for housing or business. And because it is small-scale incremental, it can be put into energy production very quickly.

Utility scale solar has the potential to complement distributed energy resources, accelerating total deployment, hastening the reduction of fossil fuel dependence, creating more jobs and serving more people and businesses, particularly those whose structures or locations are ill-suited for solar arrays. But utility scale must be sited judiciously, without foreclosing the use of valuable land for future high priority needs:

- such as agriculture for food production in a warming planet and a significantly growing population, or
- habitat for wildlife in a time of mass extinction, or
- cultivation of carbon sinks to compensate for massive loss of forests.

To gobble up more precious land space unnecessarily in the face of serious climate-driven challenges is short-sighted and reckless. Real economy calls for an honest and complete assessment of the value of all resources.

Michigan has at last achieved a robust and growing renewable energy sector and a public in which there is significant pent-up demand for the renewable energy that a majority recognizes is essential to address global warming. Climate challenges dictate an acceptance of distributed energy resources. This is the overriding reality. Our State regulated utilities should be employed to assist and participate, as appropriate, in this transition, not be enabled by State law to discourage or dominate it! This is a time for partners, not competitors.

Yes, the construction of a 10MW utility scale system may be done at less cost than 2000 arrays on 2000 residences. On the other hand, roof top solar deployment significantly reduces distribution and line loss expense. And distributed ownership relieves the utility of the expense of installation and maintenance.

But most important of all, the two together, utility scale plus roof top solar generation, would double the pace of our progress, the stimulation of our economy and the acceleration of cost reduction – of deployment and consumption -- for everyone!

SB 438 severely disadvantages the public in its participation in a necessary transformation of our energy generation, provides excessive market protection to two utilities which already enjoy a near monopoly and which only reluctantly have conceded any space to renewable energy of any stripe.

I accept the need to fund the grid and I welcome investment in the new technologies which must be employed to manage traffic on the grid; it can be used to realize efficiencies that, not so long ago, we could only dream of. But costs, and benefits, must be equitably shared.

I propose a time-of-use rate scale which reflects parity in value between energy fed onto the grid and energy taken off the grid, so that solar generating customers receive premium credit for energy on in peak demand periods and pay premium rate for energy taken off at premium demand time. Similarly, off-peak energy on would receive a lower credit and off-peak energy off would be charged off-peak rates. Everyone benefits, appropriately, under this arrangement. And everyone has incentive to use energy efficiently. Those parties who choose to contribute to the State's energy supply with their own solar systems would be fairly compensated, more citizens would be encouraged to participate and, not insignificantly, more solar energy providers would be encouraged to stay on the grid. Costs of grid upgrades, maintenance and management, yet to be determined by anyone, I understand, should be distributed equitably across the spectrum of users based on entity use and under the oversight of the Michigan Public Service Commission. Fixed charges should be minimized as they disproportionately impact low-volume users.

Because we can rely on neither profit motive nor altruism to incentivize our utilities, I strongly support two mandates: a 30% RES by 2030 and an EOS of 2% annually. And I oppose any adulteration of the term "renewable" to include fossil fuels, nuclear or incineration.

In this new energy world, barring a new business model, utility investors may see their returns diminish. But I am confident that the benefits of truly clean and truly renewable energy will be felt by all.

Thank you.

Shirley Kallio  
6260 Greeley Ave. NE  
Rockford, MI 49341

